TOWN COUNCIL WORK SESSION
Monday, November 06, 2017, 7:00 p.m.
Town Hall Council Chambers

3. <u>HEPTAD Request for One-Year Extension to Submit Development Plan</u> – *Dir of P&Z*
Summary: Attached is a letter from Robert J. Light, legal counsel for HEPTAD, LLC. The letter is a request for the Town to extend the Town Code deadline for HEPTAD, LLC to submit a development plan. Specifically, Town Code 175-37.18 requires that a development plan be submitted within one (1) year of approval of the Master Land Use Plan. However, the Town Code allows this deadline to be extended by Town Council. Last year Town Council approved a one-year extension that expires on December 3, 2017.

The attached letter from the Applicant acknowledges that the construction of the road has removed an obstacle, but *"the challenge has now shifted to attracting a buyer willing to undertake the design and construction of an entirely new development in the Front Royal area upon the terms and conditions of the rezoning proffers."*
HEPTAD, LLC is the owner of the proposed development referred to as Swan Estates, or simply as
HEPTAD. This property was conditionally rezoned to the PND District in 2012. The proffers include a limit of 450 dwellings on the 98.25-acre property. The portion of the property on the east side of LRP is designated for commercial uses and adjoins the property owned by Valley Health. Cash proffers are included to the Town for construction of LRP and to the County for impact to the public school system.

A future road connection to Westminster Drive is also included in the proffers.

Staff Evaluation: Without Leach Run Parkway it is understandable that it would be challenging to market the property. However, for a good part of this past year, Leach Run Parkway has been open, and the market appears to be relatively strong. Staff would recommend that an extension be provided this year, but that it be specified that it will be the final extension.

Council Discussion:

1. <u>Fixed Term Financing Option for New Police Department</u> – *Director of Finance*
Summary: The Front Royal-Warren County E.D.A. has provided information for the Town's consideration, regarding an alternative funding option on the construction of the new Police Department. The funding option could also be used for Happy Creek Phase II.
The alternative option is a 30-year term fixed rate loan at an interest rate of 2.65%.

Council Discussion: Council is requested to discuss if the 30-year fixed term rate financing would be preferred for financing the construction of the new Police Department Headquarters.

Staff Evaluation: The rate and term is very good for a project of this magnitude.
If the Town chose to proceed with this 30-year term fixed rate long the Town would have an option of paying interest only for a maximum of seven years to allow the real estate tax rate to increase gradually to accommodate the full loan payments.
The New Market Tax Credit Program remains an option for the project. The variables for the future of the N.M.T.C. are the terms/interest rate that will be available after 7+ years when the Town is required to finance the balance of projects and what impacts the federal government may have on the N.M.T.C. in the future. Staff presented comparisons of the estimated costs for the N.M.T.C. program, the 30-year term fixed rate loan, and one possible variation of real estate tax increases based on current assessments.

Budget/Funding: The Town would have an option to pay interest only to allow additional time for funding. In FY2021 there will be approximately $140,000 of debt service paid to the EDA that will be ending, so FY2022 the $140,000 could be allocated toward the police dept loan. Also, in FY2022 there will be an additional $150,000 of debt service that will be ending that could be allocated in FY2023 toward the police department loan or other projects.
Legal Evaluation: Town Attorney will be present for questions.

Staff Recommendations: The variables in the New Market Tax Program are the interest rate/terms that will be available in 7+ years and possible impacts of the federal government on the program. A fixed rate term would allow the Town to know the amounts due and would allow the Town to prepare financially for the impact.

MEMO FROM: B. J. WILSON, DIRECTOR OF FINANCE
RE: 30 YEAR FIXED TERM
The Front Royal-Warren County E.D.A. has provided information for the Town's consideration, regarding an alternative funding option on the construction of the new Police Department. The funding option could also be used for Happy Creek Phase II.

The alternative option is a 30-year term fixed rate loan at an interest rate of 2.65%, which is a very good rate for a project of this magnitude and a term. If the Town chose to proceed with this 30-year term fixed rate long the Town would have an option of paying interest only for a maximum of seven years to allow the real estate tax rate to increase gradually to accommodate the full loan payments.

The New Market Tax Credit Program remains an option for the project. The variables for the future of the N.M.T.C. are the terms/interest rate that will be available after 7+ years when the Town is required to finance the balance of projects and what impacts the federal government may have on the N.M.T.C. in the future.

Attached you will find a comparison of the estimated costs for the N.M.T.C. program, the 30-year term fixed rate loan, and one possible variation of real estate tax increases based on current assessments.

Estimated Expense & Revenues Associated with Buidling of Police Department Headquarters

	NEW MARKET TAX CREDIT PROGRAM Interest Only Paid on $11 Million Minimum 7 Years	 $7.7 Million Loan (70% of $11 Million) (3.25% for 20 Years)	Estimated Interest Only on $11 Million (2.65% rate)	Estimated Full Debt Service on $11 Million (2.65% for 30 Years)	R/E TAX REVENUE ALLOCATED TO POLICE DEPT HQ Total R/E Tax Rate Per $100	 Possible R/E Tax Rate Increase	 Estimated Police Dept HQ R/E Tax Allocation
FY2018	$165,000				$ 0.135		$ 242,500
FY2019	$165,000		$291,500		$ 0.145	$ 0.010	$ 347,500
FY2020	$165,000		$291,500		$ 0.155	$ 0.010	$ 452,500
FY2021	$165,000			$536,125	$ 0.165	$ 0.010	$ 557,500
FY2022	$165,000			$536,125	$ 0.168	$ 0.003	$ 589,000
FY2023	$165,000			$536,125	$ 0.168	$ -	$ 589,000
FY2024	$165,000			$536,125	$ 0.168	$ -	$ 589,000
FY2025	$165,000			$536,125	$ 0.168	$ -	$ 589,000
FY2026	$165,000	$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2027		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2028		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2029		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2030		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2031		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2032		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2033		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2034		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2035		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2036		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2037		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2038		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2039		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2040		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2041		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2042		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2043		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2044		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2045		$525,950		$536,125	$ 0.168	$ -	$ 589,000
FY2046				$536,125	$ 0.168	$ -	$ 589,000
FY2047				$536,125	$ 0.168	$ -	$ 589,000
FY2048				$536,125	$ 0.168	$ -	$ 589,000
FY2049				$536,125	$ 0.168	$ -	$ 589,000
FY2050				$536,125	$ 0.168	$ -	$ 589,000
SUBTOTAL	$1,485,000	$10,519,000	$583,000	$16,083,750			
TOTAL INTEREST & DEBT EXP		**$12,004,000**		**$16,666,750**			

*All figures are based on current estimated expenses, revenues, & assessments all of which are subject to change
10/25/2017

Council Discussion: Councilman

2. <u>Update on IT Federal revised Site Plan and Royal Phoenix Master Plan</u> *TMgr-Dir P&Z*
Summary:
IT FEDERAL SUMMARY: The original IT Federal site plan was approved in 2014, which authorized the applicant to apply for permits to begin construction. However, this has not occurred to-date, and the applicant has submitted in a revised site plan that includes changes. Some of the proposed changes are significant, and require Town Council's approval. In particular, the site plan now specifies that the Town of Front Royal is responsible for the construction and maintenance of the pump station, stormwater facilities, and force main. The original site plan called for these facilities to be the responsibility of the applicant.

IT FEDERAL STATUS: The applicant has been advised that Staff can only issue a conditional approval of the revised site plan, subject to final approval by Town Council due to the changes to the pump station, stormwater facilities and force main. No cost estimates have been provided. A copy the original site plan response letter from the applicant is attached which specifies that the facility would be a private facility.

ROYAL PHOENIX MASTER PLAN SUMMARY: The EDA's engineer, Pennoni, has also prepared a master plan and traffic study for the Royal Phoenix Redevelopment Project. In 2014, when the rezoning and site plan was approved by the Town, a proffer was approved by Town Council that required the EDA to submit these two documents for review and approval by the Town before future development may occur, excluding IT Federal, which was authorized to proceed to construction. This was done to ensure that the Town Code requirements were met, and to ensure that the use and traffic was adequately planned for. It was also done to allow IT Federal to proceed forward. The traffic study recently submitted by Pennoni includes numerous significant off-site improvements that were recommended in the study.

ROYAL PHOENIX MASTER PLAN STATUS: Pennoni is working on a phasing plan and cost estimates for the recommended off-site transportation improvements. Once this information is provided, the Town and applicant will be more able to discuss the timing of when each of the recommended transportation improvements should be constructed and how much the improvements will likely cost. It will then need to be determined who is paying for these improvements. A copy of the "Conclusion" page of the traffic study was included in the agenda packet along with a small copy of the master plan and a copy of the original proffers.

Budget/Funding: Not yet determined, but potentially significant.

Council Discussion:

4. Ordinance Amendament to Chapter 138 "Solicitors, Peddlers, Itinerant Mercant" – *TMgr*
Summary: On March 14, 2016 Council approved and amended Chapter 138 in its entirety not only to expand the use of food trucks but specifically define and regulate the sales of Peddlers, Solicitors and Itinerant Merchants. Since March 2016 Town Staff has encountered issues with the permitting process that interferes with streamlining permits to satisfy the Town's customer service goals. Various members of staff have reviewed the amendments and have approved the revisions as presented. Specific revisions to Chapter 138 include but not limited to:

- **removing the application information so they may be updated as needed without revising the Town Code;**
- **changing the permit application process from the Town Manager's Office to the Planning and Zoning Office and Finance Department to streamline the process more effectively and efficiently;**
- **changing finger and thumb prints to background checks for solicitors, due to the police department not having this option readily available to them in their department and also to streamline the process for applicants since background checks can be performed more efficiently with same results;**
- **using state code definition for the exemption of home grown products as suggested by the**

Town Attorney

- **reducing the permitting process from thirty (30) days to (10) business days to enhance customer service**

Council Discussion: Councilman

5. <u>Write Off for Bad Debt</u> – *Director of Finance*

Summary: Council is requested to approve the removal of seven years or older of outstanding accounts receivable (bad debts) on the Town's ledger in the amount of $175,999.70 from enterprise and general fund liability accounts. This value includes 298 utility accounts. All recourse of attempting to collect these amounts has been completed.

Staff Evaluation: The Town's bad debt write off policy was adopted in 2013 per request of the Town's auditors Mitchell & Company.

Staff has determined that the accounts presented meet the criteria for uncollectible as determined by the Town's bad debt write off policy:
1) No activity on closed account for at least 7 years
2) Account has entered a status of "bankruptcy" with no activity for 5 years
3) All other methods of collection have been exhausted

The amount of bad debt approved to be removed by Council continues to decrease:

Dec 2013 - $848,191 – approved for removal
Dec 2014 - $144,049 – approved for removal
Feb 2016 - $225,318 – approved for removal
Feb 2017 - $203,808 – approved for removal
Nov 2017 - $175,999 – requesting approval to be removed

The FY18 budgeted revenue for the sales of electric, water, sewer, & refuse totals approximately $29.9 million. The amount of $175,999 represents approximately 0.6% of the budgeted sales.

Budget/Funding: No funding is required, journal entry will be done effecting balance sheet only.

Council Discussion: Council

6. <u>Budget Amendment – Outstanding Purchase Orders</u> – *Director of Finance*

Summary: Council is requested to approve a budget amendment to carry forward unpaid balances on purchase orders not completed at the end of June 2017 for fiscal year 2018.

Council is requested to approve the budget amendment as presented.

Staff Evaluation: The Finance department has compiled a list of outstanding purchase orders, totaling $17,939,093.36, based on the final audit results that need to be carried forward to the FY18 budget cycle to complete unfinished projects.
Budget/Funding: Funding will be offset from the appropriate fund balance reserves for each fund indicated, the revenue for these projects have been connected in previous budget cycle.

General Fund $ 518,544.07
Special Projects 524,435.78
Electric Fund 962,321.21
Sewer Fund 10,532,847.61
Water Fund 3,801,208.58
Solid Waste Fund 51,184.28
Street Fund 1,548,551.83
TOTAL $17,939,093.36

Staff Recommendations: Staff recommends Council move forward with a public hearing on this item, an increase of greater than 1% of the original budget requires a public hearing. Staff furthers would recommendation of approval of these funds as this is a yearly housekeeping item.

Council Discussion: Councilman

7. <u>Joint Tourism Advisory Board</u>
Summary: Warren County recently adopted a 3% increase to the transient occupancy tax that increases the tax from 2% to 5% (effective July 2, 2017), which will allow the County to collect money to be spent for tourism purposes. It is understood that the intent of the County is not to supplant the current funding by the Town, but to allow the Town and County to put additional resources to branding and marketing the community as a destination. Additionally, this would allow the Town and County to support and enhance restaurants, lodging establishments and the many amenities in the community.

The agenda contained the entire agreement along with a copy of the By-Laws. This Agreement does allow the Town to appoint three (3) representatives (one must be a representative from the hotel industry). The terms of these appointees are specified in this Agreement. Staff can provide Council with recommendations for possible appointees. In addition, the Director of Community Development and Tourism will serve on this Board for four (4) years.

Staff Evaluation: The Director of Community Development and Tourism has worked through several renditions of this Agreement with Doug Stanley, Warren County Administrator, and is comfortable with the final wording. The Warren County Board of Supervisors approved this version at their September 19 meeting.

Budget/Funding: There is no separate Town budget/funding allocated for this.

Council Discussion:

8. <u>Resolution to Shenandoah National Park Pertaining to Proposed Fee Increase</u> – *Town Manager*
Summary: The National Park Service is considering increasing entrance fees for (17) highly visited national parks during peak visitor seasons to generate needed revenue for improvements to their aging infrastructure. The Shenandoah National Park is one of the (17) parks listed for the proposed increases to begin June 1, 2018. The peak season is June 1 – October 31 and the proposed entrance fee increases during this time includes: Peak Visitor Season: Per Vehicle from $25.00 to $70.00; Per Person from $10.00 to $30.00 Per Motorcycle from $20.00 to $50.00. The only increase for Regular Season entrance fees is for the Per Person from $10.00 to $12.00; The Annual Pass is currently $50.00; however, it will be increased to $75.00 for all year with no distinction between Peak and Regular Seasons. The comment period for the proposal ends November 23, 2017.

Council is requested to consider approval of a resolution to be submitted to the National Park Service showing impact that the proposed increase would have on the Town of Front Royal

Council Discussion: Councilman

9. <u>Members' Terms Expires on BAR and UFAC</u>
Summary: Gary D. Vaughn and Joan E. Harding's terms expire on the Board of Architectural Review (BAR) on November 13, 2017. Mr. Vaughn would like to be considered for re-appointment and Ms. Harding is not interested in the re-appointment. BAR terms are for four (4) years. Staff was notified by Planning/Zoning that Ms. Harding did not want to be considered for re-appointment; therefore, staff began advertising for the vacancy on Monday, October 23, 2017. Sarah M. Wills term on the Urban Forestry Advisory Commission (UFAC) expires December 20, 2017. She would like to be considered for re-appointment. UFAC terms are for four (4) years.

Council Discussion: Council

10. Liaison Committee Meeting Items for November 16 Meeting
Summary: The next Liaison Committee Meeting is scheduled for November 16, 2017. The last agenda items were:

1) IT Federal Main Street Project – Joe Waltz
2) Splash Pad – Joe Waltz
3) Route 522 Corridor Water Upgrade Project – Joe Waltz
4) Phase II Happy Creek Road Project Update – Joe Waltz
5) Town Building Maintenance Code Enforcement Update – Joe Waltz

6) Update on Wastewater Treatment Plant – Joe Waltz

7) Development Review Committee – Doug Stanley

8) Building Inspections Software – Doug Stanley

9) Warren County's In-Town Projects – Doug Stanley

10) Joint Towing Board – Doug Stanley

11) Tethering of Dogs in Extreme Weather – Doug Stanley

12) Closed Meeting – Section 2.2-3711(A)(3) of the Virginia Freedom of Information Act re: Disposition of Real Property

11. Plaque Wording for Former Town Hall
Summary: On October 16, 2017 Council reviewed the placement of an historical plaque on the former Town Hall as well as the wording to be placed on such plaque submitted by the Warren Heritage Society. Town Staff was directed to bring wording back for Council's review to be placed on a smaller plaque to be installed on the front of the former Town Hall. Attached is wording extracted from various documents currently in the Town's possession including financial paperwork and minutes.

The mention of the quarried stone is from the Warren Heritage Society's information give to Council in October. Attached are also pictures depicting the size and cost of plaques the Town purchased in 2013 for the current Town Hall to give Council an idea of size and wording.

22' x 24' Plaque placed on wall
14' x 14' Plaques – placed on the Time Capsule

Council is requested to approve the plaque's appearance, informative content, and place of placement in a regular meeting of Town Council.

Budget/Funding: The Land Exchange Agreement specifies the plaque shall be erected by the owner of the former Town Hall and the Town of Front Royal maintains it.

Council Discussion: Council

ORIGINAL TOWN HALL
January 1936 – January 2013
Constructed in part by the Public Works Administration New Deal of 1933 created by the National Industrial Recovery Act, as the Municipal Building ("Town Hall") of the Town of Front Royal to be used for public purposes including Town offices, Fire Department, Auditorium and Community Library, and other uses as the Town Council may from time to time designate. The stone used for construction was quarried in the Massanutten Mountains. The first Town Council Meeting was held here on February 10, 1936.

12. Sidewalks and Street Lights on Progress Drive – *Councilman Morrison*
Summary: Council is requested to discuss the placement of sidewalks and street lights on Progress Drive per Councilman Morrison. This item was discussed at a work session held September 18, 2017. Staff noted that a cost estimate that was presented to Council at that time. This item was removed from the October 16, 2017 work session.

Cost Estimate for Sidewalks and Lights - Progress Drive

Category	Items	Quantity	Estimated Cost	Actual Cost	Total Estimated	Total Actual
Curb & Gutter		1,940	$30.00		$58,200.00	$0.00
Sidewalk	Survey	1	$2,000.00		$2,000.00	$0.00
	Concrete	3524	$33.00		$116,292.00	$0.00
	Handicap ramps	4	$1,000.00		$4,000.00	$0.00
Lights	Light poles	13	$2,000.00		$26,000.00	$0.00
	Wire and misc. material	1	$4,000.00		$4,000.00	$0.00
Total			**$9,063.00**	**$0.00**	**$210,492.00**	**$0.00**

Cost estimate for sidewalks on both sides of Progress Drive, sidewalks completed by contractor and the installation of light poles will be done in-house.

Subtotal	$210,492.00	$0.00
Unexpected Costs - Add 15%	$31,573.80	$0.00
Total	$242,065.80	$0.00

5/4/17 Rev 1

Council Discussion: Councilman

13. Continued Discussion of Property Maintenance Code Amendments and Establishment of a
Rental Inspection District
14. Council Discussion/Goals *(time permitting)*
15. CLOSED MEETING – Potential Revenue Sharing Agreement

Council Discussion: Councilman

9.

<u>Council Discussion/Goals</u>

PRESENT: Mayor Tharpe, Vice Mayor Tewalt, Councilman Connolly, Councilman Gillispie, Councilman Morrison, Councilman Meza, Councilman Sealock, Town Manager Waltz, Town Attorney Napier, Director of Planning Camp, Director of Finance Wilson, Director of Energy Services Jenkins, Police Chief Magalis, Director of Environmental Services Hannigan, Town

Engineer Brown, Community Development Director Hart, IT Director Jones, members of the public and members of the press.

ABSENT: Clerk of Council Berry